

**ALAMEDA COUNTY
BOARD OF SUPERVISORS'
PERSONNEL/ADMINISTRATION/LEGISLATION
COMMITTEE**

Monday, July 27, 2015
1:30 p.m.

Supervisor Keith Carson, Chair
Supervisor Wilma Chan

Location: Board of Supervisors Chambers – Room 512 5th floor
County Administration Building
1221 Oak Street, Oakland, CA 94612

Summary/Action Minutes

I. Federal Legislative Update – CJ Lake

The House and Senate are both in session this week. The Senate is working on a six-year surface transportation reauthorization, following the 5-month extension that passed the House on July 15, 2015. The House plans to consider legislation to amend government regulation by requiring the Administration to submit major rules for congressional approval. Also on the House floor this week, Members will consider legislation that would make it easier to fire employees of the Department of Veterans Affairs.

Surface Transportation Reauthorization

The Senate began consideration of its six-year surface transportation bill. The Senate held two procedural votes on amendments on a rare Sunday session. The first amendment was approved, limiting debate on the reauthorization of the Export-Import Bank. However, the amendment to repeal the Affordable Care Act that was offered failed to gain enough support.

The most recent version of the amendment to H.R. 22 differs from the original; one major change ensures that the historic 80/20 split for highways and transit funding remains in place. The changes also include an additional \$600 million to the transit title, or \$100 million per year, that would go directly to the State of Good Repair (SOG) program. These changes, among others related to certain offsets, helped to gain the support of Senators with major transit operations in their states as well as gain the support of Senator Shelby who is the Chairman of the Senate Banking Committee

If the Senate passes this multi-year measure by Wednesday, some House leaders have expressed they will not support the Senate-passed measure completely and would rather go through the Committee process. House T&I Chairman Bill Shuster and Majority Leader Kevin McCarthy have expressed this position along with a call to the Senate to act on the House-passed five-month bill to extend policy and short-term financing through December 18, 2015. A short-term extension would give the House time to go through “regular order” and to hopefully come to a multi-year agreement with the Senate by the end of the calendar year.

Appropriations

The FY16 Appropriations process has come to a halt in both chambers. However, both the House and Senate Committees on Appropriations have marked up every one of their respective bills. This is the first time since 2009 that the full Senate Appropriations Committee has approved all 12 appropriations bills.

Congress will work on a Continuing Resolution when they return from the August recess to fund federal agencies into the new fiscal year, which begins on October 1, 2015.

At the same time, last week the Administration officially called on Congress to begin negotiating on raising the budget caps in order to ultimately complete the FY16 bills.

Sanctuary Cities Legislation

Last Thursday the House Judiciary Subcommittee on Immigration and Border Security held a hearing on Congressman Kevin Yoder's amendment made to the Homeland Security Appropriations bill that was approved. This amendment seeks to prohibit jurisdictions identified as sanctuary cities from receiving state and local grants, particularly for Emergency Management Programs (i.e. federal disaster).

In addition to the hearing, the House passed H.R. 3009, the "Enforce the Law for Sanctuary Cities Act". The legislation would deny federal funding for the State Criminal Alien Assistance Program, the Byrne Justice Assistance Grant Program and the Community Oriented Policing Services Grant Program to state and municipalities with 'sanctuary city' policies that conflict with federal immigration law.

The Senate Judiciary Committee also held a hearing last week where Jim Steinle, father of Kathryn Steinle, alleged victim of an undocumented felon, testified before the Committee. Steinle urged the Senate to produce legislation that would remove undocumented immigrant felons off the streets for good. The majority of the legislation being discussed is punishment to sanctuary cities. Several suggestions for legislation include barring Justice Department grants for sanctuary cities as well as immediate deportation upon release of custody.

Senate Judiciary Committee Chairman, Chuck Grassley, is proposing legislation that would target sanctuary cities and block funding for those who decline to cooperate with federal immigration officials. Senator Feinstein is also working on a measure that would require local law-enforcement to work with federal jurisdiction and suggests that federal immigration officials to be notified when they are about to release an immigrant from custody who had been convicted of a felony.

Upcoming Markup

The Senate Agriculture Committee plans to hold a mark-up of Child Nutrition Programs on September 17th. The package will include a reauthorization of the Child Nutrition Act and the Russell National School Lunch Act.

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position
- Other: Federal legislative update**

This item was informational only and required no Committee action.

II. State Legislative Update –Platinum Advisors

Managed Care Organization (MCO) Tax Proposals

California's current managed care organization (MCO) tax charges plans serving Medi-Cal patients 3.9% of their total Medi-Cal revenue annually. MCO's are able to break even while paying the tax due to higher Medi-Cal payments from federal matching funds. The federal government has given California notice that when the tax expires on June 30, 2016, the State will have to make some changes, including taxing all MCO's and no longer ensuring that all of the plans will recover what they've paid through the federal draw down.

SBX2 4 was introduced on July 16, 2015 as an alternative to the Governor's new MCO tax proposals from January. The Administration introduced a tiered tax structure, which would affect plans to a lesser extent than Levine's flat tax. SBX2 4 would tax all MCO's \$7.88 per member per month to generate about \$1.9 billion in funding for Medi-Cal, restoration of IHSS hours and provider rate increases.

The Legislative Analyst's Office has expressed support for a flat tax because the federal government is more likely to approve a flat tax structure that doesn't benefit one plan more than another. In addition, revenues would be held more constant under a flat tax rather than based on the tiered structure which would vary based on which plans were more highly utilized.

Proposition 13 Proposal

The latest proposal to reform Proposition 13, the Lifting Children and Families out of Poverty Act, was filed with the Attorney General's Office last week, but diverged from the usual split-roll proposal to increase property tax only on commercial properties. Instead, advocates filed an initiative which would raise property taxes on both commercial and residential properties worth \$3 million and more and would sunset after 20 years. Supporters of the plan estimate between \$8 and \$10 billion annually would be raised for programs improving the economic situation of families living at the federal poverty level. When Proposition 30 expires in 2019, state revenues are expected to drop by a similar amount. One of the big selling points of this proposal is that it will provide much greater budget stability than a plan affecting income tax, as property tax revenues have historically been much more predictable.

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position
- Other: State legislative update**

III. Support a Resolution to urge the Governor and the Legislature to identify sufficient and stable funding sources for the maintenance and rehabilitation of local streets, roads and state highways to ensure the safe and efficient mobility of the traveling public, and the economic vitality of California

Recommendation: Support: Daniel Woldesenbet, Director, Public Works Agency

Attachment

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position**
- Other:

Recommendation from PAL Committee: Approve. Move to the full Board of Supervisors.

PUBLIC COMMENT

None.

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